

Message Text

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PAGE 01 HONG K 00545 140226Z
ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 /055 W
-----140234Z 036540 /60

R 140147Z JAN 77
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 3404
INFO USLO PEKING
AMEMBASSY TAIPEI
AMEMBASSY TOKYO
AMEMBASSY SINGAPORE

C O N F I D E N T I A L HONG KONG 00545

E.O. 11652: GDS
TAGS: ETRD, EINV, TW, CH, US
SUBJ: ASIAN WALL STREET JOURNAL ARTICLE ON USROCEC

REF: 76 HONG KONG 13775

1. THE JANUARY 11 ISSUE OF THE ASIAN WALL STREET JOURNAL
CARRIES A VERY THOROUGH ARTICLE ON THE US-ROC ECONOMIC
COUNCIL CONTROVERSY. THE ARTICLE IS BASED UPON EXTENSIVE
INTERVIEWS WITH US BUSINESSMEN IN HONG KONG. THE FOLLOWING
ARE NOTEWORTHY POINTS MADE IN THE ARTICLE SUPPLEMENTED BY
REMARKS BY THE WRITER, BARRY WAIN, TO CONGENOFF:

2. AMPLIFYING POINTS MADE IN THE ARTICLE, WAIN TOLD
CONGENOFF THAT DESPITE ROC DISCLAIMERS, MANY US FIRMS ARE
GENUINELY FEARFUL THAT FAILURE TO JOIN THE USROCEC WILL
RESULT IN ROC RETALIATION. HENCE, WAIN OBSERVES THAT FEW, IF ANY,
FIRMS THAT HAVE NOT YET JOINED THE USROCEC WILL ADMIT TO
HAVING RULED OUT MEMBERSHIP AND THINKS IT VERY LIKELY
THAT PRESENTLY WAVERING FIRMS WILL JOIN THE COUNCIL.
IT IS WAIN'S IMPRESSION THAT BECAUSE FIRMS DEALING WITH
PEKING ARE AWARE OF PROBLEMS ENCOUNTERED IN THE PRC BY
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FIRMS THAT HAVE TAKEN SEATS ON THE USROCEC BOARD OF
DIRECTORS THEY WILL CONSEQUENTLY SHUN SUCH A ROLE.

3. THE ARTICLE QUOTED AN "OFFICIAL FROM CHINA"
(WHOM WAIN SAID WAS AN OFFICIAL OF THE BANK OF CHINA IN
THE PRC) AS STATING THAT THE USE OF "ROC" RATHER THAN
"TAIWAN" IN COUNCIL'S NAME IS NOT AN IMPORTANT ISSUE.

THE OFFICIAL REPORTEDLY COMMENTED THAT THE PRC SEES THE USROCEC, BY ANY NAME, AS A BLATANT ATTEMPT TO ENCOURAGE A TWO CHINAS POLICY AND CONSIDERS MEMBER FIRMS TO BE SUPPORTING SUCH A POLICY.

4. ACCORDING TO THE ARTICLE, THE USROCEC HAS ALREADY GAINED SOME 100 MEMBERS. LAST YEAR'S RECRUITMENT DRIVE INCLUDED TELEPHONE CALLS BY ROC ECONOMICS MINISTER Y.S. SUN AND LETTERS FROM OTHER TAIWAN OFFICIALS. US BANKS THAT MAINTAIN NON-COMMERCIAL RELATIONSHIPS WITH CHINA, HOWEVER, HAVE NOT THUS FAR JOINED THE USROCEC. THE ARTICLE NOTES PROBLEMS ENCOUNTERED IN THE PRC BY AMERICAN EXPRESS AS WELL AS THE EXPERIENCES OF UNION CARBIDE AND GENERAL ELECTRIC REPRESENTATIVES AT THE FALL 1976 CANTON FAIR (REPORTED IN REFTTEL).

5. COMMENT: WE ARE INCLINED TO ACCEPT WAIN'S PRESENTATION AS ACCURATELY REFLECTING THE VIEWS OF US BUSINESSMEN IN HONG KONG. WE WONDER, NOW THAT MORE FIRMS APPEAR TO BE LEANING TOWARD USROCEC MEMBERSHIP, WHETHER A STRONGER PRC REACTION WILL BE FORTHCOMING. HERETOFORE, PEKING HAS METED OUT "PUNISHMENT" TO ONLY A FEW FIRMS. AN ESCALATION OF THE PRC RESPONSE MIGHT INCLUDE AN ATTEMPT TO PRESSURE ALL FIRMS JOINING THE USROCEC WHICH ALSO HAVE DEALINGS WITH CHINA.
CROSS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, ECONOMIC COOPERATION, COMMITTEE MEETINGS
Control Number: n/a
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977HONGK00545
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770014-0085
Format: TEL
From: HONG KONG
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770152/aaaabtcw.tel
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Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 HONG KONG 13775
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3599120
Secure: OPEN
Status: NATIVE
Subject: ASIAN WALL STREET JOURNAL ARTICLE ON USROCEC
TAGS: ETRD, EINV, TW, CH, US, USROCEC
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/47f404da-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009